

**HARRIS,
WILTSHIRE &
GRANNIS LLP**

RECEIVED
REGULATORY AUTHORITY

OCT 30 3 PM 1 46

OCT 2, 2000 SECRETARY

1200 EIGHTEENTH STREET, NW
WASHINGTON, DC 20036

TEL 202.730.1300 FAX 202.730.1301
WWW.HARRISWILTSHIRE.COM

ATTORNEYS AT LAW

VIA OVERNIGHT DELIVERY

K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 27243

Re: ***Docket No. 00-00678***

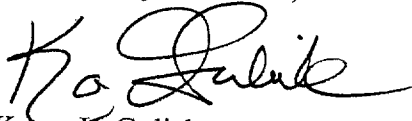
Dear Mr. Waddell:

Pursuant to a conversation with Mr. Whitis, I am re-filing the Response of Evolution Networks South, Inc. ("Evolution South") to Request for Additional Information, previously filed on September 5, 2000. According to Mr. Whitis, the Tennessee Regulatory Authority could not accept the filing unless 13 copies were included with the original. I am now enclosing the required copies, and apologize for the inconvenience my oversight may have caused.

Please note that we are submitting several confidential and proprietary documents under seal, in a separate envelope labeled "Confidential and Proprietary." These documents include complete current financial statements, projected financial statements, and a capital expenditures budget, as well as a geographic service area description. Because disclosure of these documents would put the company at a competitive disadvantage, Evolution South respectfully requests that the TRA protect this information from public disclosure.

Please sign and date-stamp the enclosed file-stamp copy of this letter and response and return it in the enclosed postage-paid, self-addressed envelope. Should you have any questions, please contact me directly at (202) 730-1340.

Respectfully submitted,



Karen L. Gulick
Counsel to Evolution Networks South, Inc.
Harris, Wiltshire, & Grannis
1200 Eighteenth Street, N.W.
Suite 1200
Washington, D.C. 20036
(202) 730-1340

proprietary
information
to be file

Enclosures
cc: Mr. Darrel Whitis

POSTED
10-30-00

**HARRIS,
WILTSHIRE &
GRANNIS LLP**

REC'D TN
REGULATORY AUTH.

SEP 7 AM 11 09

September 5, 2000

EXECUTIVE SECRETARY

1200 EIGHTEENTH STREET, NW
WASHINGTON, DC 20036

TEL 202.730.1300 FAX 202.730.1301
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K. David Waddell
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460 James Robertson Parkway
Nashville, Tennessee 27243

Re: Docket No. 00-00678

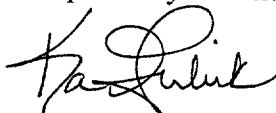
Dear Mr. Waddell:

Evolution Networks South, Inc. ("Evolution South") hereby submits an original and two copies of its response to the Tennessee Regulatory Authority's request for additional information regarding its application for a Certificate of Public Convenience and Necessity to provide facilities-based interexchange telecommunications services within the State of Tennessee. Although the original response date was to be August 25, Mr. Whitis on August 24 granted Evolution South an extension until September 15.

Please note that we are submitting several confidential and proprietary documents under seal, in a separate envelope labeled "Confidential and Proprietary." These documents include complete current financial statements, projected financial statements, and a capital expenditures budget, as well as a geographic service area description. Because disclosure of these documents would put the company at a competitive disadvantage, Evolution South respectfully requests that the TRA protect this information from public disclosure.

Please sign and date-stamp the enclosed file-stamp copy of this registration and return it in the enclosed postage-paid, self-addressed envelope. Should you have any questions, please contact me directly at (202) 730-1340.

Respectfully submitted,



Karen Gulick

Counsel to Evolution Networks South, Inc.

Admitted to practice in the District of Columbia and California

Enclosures

cc: Mr. Darrel Whitis

9/7/00 Left mess for
additional copies
DW

**Before the
TENNESSEE REGULATORY AUTHORITY**

REC'D TN
REGULATORY AUTH.
•00 SEP 7 AM 11 09
OFFICE OF THE
EXECUTIVE SECRETARY

In the Matter of Application of)
)
EVOLUTION NETWORKS SOUTH, INC.)
)
for a Certificate of Public Convenience)
and Necessity to Provide Facilities-Based)
Interexchange Telecommunications Services)
in the State of Tennessee)

Docket No. 00-00678

**RESPONSE OF EVOLUTION NETWORKS SOUTH, INC.
TO REQUEST FOR ADDITIONAL INFORMATION**

On August 1, 2000, Evolution Networks South, Inc. ("Evolution South") filed an application with the Tennessee Regulatory Authority ("TRA") requesting a certificate of public convenience and necessity to provide facilities-based interexchange telecommunications services in the State of Tennessee. Subsequently Evolution South received a letter dated August 3 from the TRA requesting additional information regarding its Application. Evolution South's response to the inquiries is as follows.

TECHNICAL REQUIREMENTS

1. A description of Evolution South's proposed geographic coverage has been filed with this response in a sealed envelope marked "Confidential and Proprietary." This sensitive and confidential commercial information represents the company's judgement and analysis concerning business opportunities in the state of Tennessee. Disclosure of this route plan – particularly at this time before Evolution South has begun to construct its network – would reveal commercially significant information regarding the customer

base Evolution South plans to serve and the method by which it plans to do so. Because competitors could use this information to interfere with the deployment of its network, Evolution South respectfully requests that the TRA protect this information as confidential and proprietary.

2. Evolution South will operate as a wholesale supplier of telecommunications capacity. It will provide capacity, connectivity, and transmission services to carrier customers who, in turn, will use the company's network for voice and data traffic for intrastate, interstate and international telecommunications. Accordingly, Evolution South will deploy routers at various points in its network and will not be deploying any traditional end-office type switches.

3. Evolution South does not have any special CPE requirements.

FINANCIAL REQUIREMENTS

1. Copies of Evolution South's current financial statements have been filed with this response in a sealed envelope.¹ These documents include the following: (1) Current Balance Sheet; (2) Audited Financial Statement; (3) Cash Flow Statement; and (4) Capitalization Chart. Both Evolution South and Evolution Networks have exercised diligence in protecting this proprietary and competitively sensitive information from disclosure. As privately held Delaware corporations, neither company is required to make its financial documents public. If disclosed, these documents could be used for

¹ These are the financial documents of Evolution South's parent corporation, Evolution Networks, Inc. ("Evolution Networks"). Evolution South is a recently formed, wholly-owned subsidiary of Evolution Networks and is financially dependent on its parent.

anti-competitive purposes. Accordingly, Evolution South respectfully requests that the TRA protect these documents from public disclosure as confidential² and proprietary.

2. Projected financial statements – Balance Sheet, Income Statement, and Cash Flow Statement -- have been filed with this response in a sealed envelope marked “Confidential and Proprietary.” For the reasons discussed above, Evolution South respectfully requests that the TRA protect these documents from public disclosure.

3. A three year capital expenditures budget has been filed with this response in a sealed envelope marked “Confidential and Proprietary.” For the reasons discussed above, Evolution South respectfully requests that the TRA protect this document from public disclosure.

4. None of the amounts in the financial statements and projections is derived from reciprocal compensation for terminating ISP traffic.

5. Projected losses during the period preceding full service deployment will be offset from two anticipated projected sources. The first, as noted in Evolution South’s application, is through the proceeds of additional rounds of equity financing. The second means will be through debt financing, including bank, vendor and other third party financing.

² Pursuant to regulation in one state, a sister subsidiary was required to place some of the financial information in a public file. This information has not otherwise been disclosed, and it is not easily accessible to the public generally or to Evolution South’s competitors in Tennessee. Accordingly, Evolution South believes that confidential treatment of these documents in this proceeding is appropriate.

6. Evolution South has complied with the requirements of TCA §65-4-125 has previously filed its corporate surety bond with the TRA. A copy of the bond is attached for ease of reference as **Exhibit 1**.

TRA RULES FOR LOCAL TELECOMMUNICATIONS PROVIDERS

Not applicable. Evolution South seeks authority to operate as a facilities-based interexchange telecommunications service provider. Evolution South plans to offer services as a “carrier’s carrier,” providing telecommunications capacity on a wholesale basis to competitive local exchange carriers (“CLECs”), incumbent local exchange carriers (“ILECs”), Internet service providers (“ISPs”), digital subscriber line (“DSL”) providers, and other telecommunications carrier customers.

TOLL DIALING PARITY PLAN FOR APPLICANTS PROVIDING VOICE GRADE SERVICE

Not applicable. Evolution South does not intend to provide voice grade service. If Evolution chooses in the future to provide voice grade service, it will file a toll dialing parity plan for consideration by the TRA at least 60 days prior to offering voice grade service.

SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN

Evolution South filed its Small and Minority-Owned Business Participation Plan with its Application. The plan contains Evolution South’s plan for purchasing goods and services from small and minority-owned telecommunications businesses and information

on programs to provide technical assistance to small and minority-owned telecommunications businesses. For convenience, we have attached a copy of Evolution South's Plan as **Exhibit 2**.

NUMBERING ISSUES

1-7. Not applicable. Evolution South will not provide service directly to traditional telecommunications end-users. Rather, the company will operate as a "carrier's carrier" providing telecommunications transport options to telecommunications carrier customers and ISPs. As such, Evolution South will not require any numbering resources.

TENNESSEE SPECIFIC OPERATIONAL ISSUES

1. Not applicable. Evolution South will be providing service to other telecommunications carriers, rather than end-users. Evolution South will bill its carrier customers for wholesale telecommunications capacity services. Evolution South, therefore, will not bill for county-wide calls.

2. Yes.

3. Evolution South will not provide service directly to traditional end-users of telecommunications services. Evolution South's carrier customers will be billed for wholesale telecommunications capacity and transport. Accordingly, Evolution South will not bill customers for long distance charges for calls within a metro calling area.

4. The company's primary regulatory and customer service contact is

Carl Povelites
Vice President, Regulatory Affairs
20 Perimeter Center East
Atlanta, GA 30346
(770) 353-3500 (tel.)
(770) 353-3600 (fax)
cpovelites@evnetworks.com

Customers may also reach the company toll free at 1-800-429-0058.

5. Evolution South has no intention of telemarketing its services in the State of Tennessee.

MISCELLANEOUS REQUIREMENTS

1. Not applicable. Evolution South is not an applicant for CLEC authority.
2. Evolution South will not require deposits of its customers.
3. Evolution South is not yet certified to provide telecommunications service in any state. The company has applications pending in North Carolina, South Carolina, Georgia, Florida, Tennessee, Kentucky, Louisiana, and Mississippi.

Evolution Networks North, Inc. is authorized in the states of New Hampshire, Massachusetts, and Rhode Island and has applications pending in Maine, Vermont, New York, New Jersey, Pennsylvania, Maryland, West Virginia, Virginia, and Delaware.

Evolution Networks Midwest, Inc. is authorized in the states of Michigan and Ohio and has applications pending in the states of Arkansas, Missouri, Oklahoma, Minnesota, Wisconsin, Illinois, and Indiana.

4. Evolution South will file a tariff containing the terms, conditions and provisions of the services to be offered after receiving its Certificate of Public Convenience and Necessity and at least 90 days before it intends to initiate service.

5. Evolution South is recently formed wholly-owned subsidiary of Evolution Networks, Inc. Neither Evolution South, Evolution Networks, nor any of the three affiliated subsidiaries (Evolution North, Inc.; Evolution Midwest, Inc.; and Evolution West, Inc.) is currently involved in any mergers, acquisitions or other significant business transactions.

6. To the best its knowledge and belief, neither Evolution South nor any of its affiliates has ever had any complaint filed before any state or federal regulatory agency.

7. Not applicable. Evolution South is not an applicant for competitive local exchange service authority. Evolution South seeks interexchange authority and will operate as a wholesale networks services provider.

SUNTRUST

SUNTRUST BANK
ATLANTA, GA

AUGUST 29, 2000

DON HILBERT
EVOLUTION NETWORKS, INC.
20 PERIMETER CENTER EAST
ATLANTA, GA 30046

ADVICE OF DEBIT

RE: LETTER OF CREDIT NO: ATL/F502718

LETTER OF CREDIT AMOUNT: USD 20,000.00

BENEFICIARY:
TENNESSEE REGULATORY AUTHORITY
460 JAMES ROBERTSON PARKWAY
NASHVILLE, TN 37243-0505

WE HAVE DEBITED YOUR ACCOUNT NUMBER 8801546014 FOR THE FOLLOWING
FEE UNDER THE ABOVE REFERENCED LETTER OF CREDIT:

FEE AMOUNT: \$500.00
REPRESENTING: LETTER OF CREDIT FEE
FOR THE PERIOD: 08/29/00 THRU 08/31/01

TOTAL DEBIT AMOUNT: \$500.00

PREPARED BY SANDRA R. WALKER

All correspondence and communication should be directed to our agent SunTrust International Services, Inc., 25 Park Place,
Atlanta, Georgia 30303 Telex: 542210

Sep 5 2000 14:32 P.02

Fax: 7703533600

EVOLUTION

SUNTRUST

LETTER OF CREDIT NUMBER: ATL/F502718
ISSUANCE DATE: AUGUST 29, 2000

APPLICANT:
EVOLUTION NETWORKS SOUTH, INC.
20 PERIMETER CENTER EAST
ATLANTA, GA 30346

BENEFICIARY:
TENNESSEE REGULATORY AUTHORITY
460 JAMES ROBERTSON PARKWAY
NASHVILLE, TN 37243-0505

FOR USD 20,000.00
(TWENTY THOUSAND 00/100 U.S. DOLLARS)

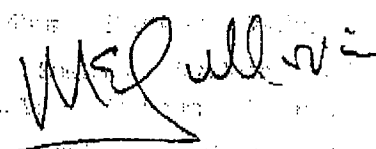
DATE OF EXPIRATION: AUGUST 31, 2001
PLACE OF EXPIRATION: COUNTERS OF ISSUING BANK

WE HEREBY ESTABLISH OUR IRREVOCABLE LETTER OF CREDIT NO.
ATL/F502718 IN YOUR FAVOR FOR ACCOUNT OF THE ABOVE-REFERENCED
APPLICANT AVAILABLE BY YOUR DRAFTS DRAWN ON US PAYABLE AT SIGHT
FOR ANY SUM OF MONEY NOT TO EXCEED A TOTAL OF THE AMOUNT
REFERENCED ABOVE WHEN ACCOMPANIED BY THIS LETTER OF CREDIT.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL
BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE
YEAR FROM THE EXPIRATION DATE HEREOF, OR ANY FUTURE EXPIRATION
DATE, UNLESS SIXTY (30) DAYS PRIOR TO ANY EXPIRATION DATE WE
SEND NOTICE TO YOU BY REGISTERED MAIL THAT WE ELECT NOT TO
CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH ADDITIONAL
PERIOD.

ALL DRAFTS MUST REFERENCE THE NUMBER AND ISSUE DATE OF THIS
CREDIT.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS
AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION),
INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION 500.



*****CONTINUED ON NEXT PAGE*****
LETTER OF CREDIT NUMBER ATL/F502718 PAGE NO. 1

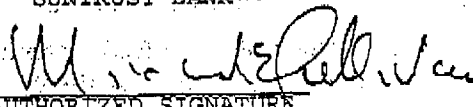
All correspondence and communication should be directed to our agent SunTrust International Services, Inc., 25 Park Place,
Atlanta, Georgia 30303 Telex: 542210

SUNTRUST

WE HEREBY AGREE WITH YOU THAT ALL DRAFTS DRAWN IN COMPLIANCE
WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED
UPON PRESENTATION AND DELIVERY TO SUNTRUST BANK, 25 PARK PLACE,
16TH FLOOR, LETTER OF CREDIT DEPT. 3706, ATLANTA, GEORGIA
30303 ON OR BEFORE AUGUST 31, 2001.

SINCERELY,

SUNTRUST BANK


AUTHORIZED SIGNATURE
MICHAEL E. SULLIVAN
GROUP VICE PRESIDENT
PAGE 2

All correspondence and communication should be directed to our agent SunTrust International Services, Inc., 25 Park Place,
Atlanta, Georgia 30303 Telex: 542210

910225 (7/99)

P.04 Sep 5 2000 14:55

FAX: 7705353600

EVLUU1UN

EVOLUTION NETWORKS SOUTH, INC.

SMALL AND MINORITY-OWNED
TELECOMMUNICATIONS BUSINESS
PARTICIPATION PLAN

Pursuant to T.C.A. § 65-5-212, as amended, Evolution Networks South, Inc. (“Evolution South”) submits this small and minority-owned Telecommunications Business Participation Plan (the “Plan”) along with its Application for a Certificate of Public Convenience and Necessity to provide competing intrastate interexchange telecommunications services in the State of Tennessee.

1. PURPOSE

The purpose of Section 65-5-212 is to provide opportunities for small and minority-owned businesses to provide goods and services to telecommunications service providers. Evolution South supports these goals. The purpose of this Plan is to provide opportunities for small and minority-owned telecommunications businesses to compete for contracts and subcontracts for goods and services to Evolution South by ensuring that, in the procurements process, Evolution South seeks to identify those small and minority-owned telecommunications businesses that are qualified to provide goods and services, and to provide awareness among those qualifying businesses regarding the opportunity to compete in the Evolution South procurement process.

2. DEFINITIONS

Minority-owned business. As defined in T.C.A. § 65-2-212, the term “minority-owned business” means “a business which is solely owned or at least fifty-one percent (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls the daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national

origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).”

Small business. As defined in T.C.A. § 65-5-212, the term “small business” means “a business with annual gross receipts of less than four million dollars (\$4,000,000).”

3. ADMINISTRATION

This Plan will be administered by the following individual, hereinafter referred to as the Administrator:

Carl Povelites
Vice President for Regulatory Affairs
Evolution Networks, Inc.
20 Perimeter Center East
Atlanta, GA 30346
770-353-3500 (tel)
770-353-3600 (fax)

The duties of the Administrator will be:

1. To maintain a current Plan in compliance with T.C.A. § 65-5-212 and/or rules as may be promulgated by the Tennessee Regulatory Authority.
2. To develop policies and procedures for successful implementation of the Plan.
3. To prepare and submit such forms as may be required by the Tennessee Regulatory Authority.
4. To act as a liaison to and in cooperation with the Tennessee Regulatory Authority, other agencies of the State of Tennessee, and representatives of small and minority-owned businesses to find and utilize qualified small and minority-owned businesses as defined in T.C.A. § 65-5-212.
5. To provide required records and reports and cooperate in any authorized surveys as required by the Tennessee Regulatory Authority.

4. PLAN

The efforts to assure equitable opportunity to small and minority-owned businesses are primarily spelled out in the Administrator's duties above. Additional efforts to provide opportunities to small and minority-owned businesses will include offering qualified small and minority-owned businesses assistance with technical, insurance, bonding, licensing, production, and deadline requirements when appropriate and feasible.

Evolution South will seek opportunities for utilization of small and minority-owned businesses, and provide information and educational activities to Evolution South employees in order to encourage utilization of small and minority-owned businesses. In performance of this duty, Evolution South will utilize a number of resources, including, as appropriate:

- a. Chambers of Commerce;
- b. The Tennessee Department of Economic and Community Development;
- c. The U.S. Small Business Administration and the Office of Minority Business of the U.S. Department of Commerce;
- d. The National Minority Supplier Development Counsel;
- e. The National Association of Women Business Owners; and
- f. The National Association of Minority Contractors.

Furthermore, Evolution South will search diligently for qualified small and minority-owned telecommunications businesses and concerns through the following, as appropriate:

- a. The Small Business Administrations' Procurement Automated Source System (PASS), and publications of the Office of Minority Business Data Center in the Department of Commerce and the Office of Minority Small Business and Capital Ownership Development in the Small Business Administration;

- b. Local and national associations and Minority Supplier Development councils;
- c. Participation in trade fairs and industry meetings; and
- d. Advertisements in industry and local publications.

5. COMPLIANCE REPORTS

As stated herein, Evolution South will submit such forms, records and reports, and participate in any authorized survey as may be required by the Tennessee Regulatory Authority and/or the State of Tennessee. Evolution South reserves the right to designate as confidential such reports, surveys, forms, studies, or Plan filings.